

**COMMISSIONER O'CONNOR AND COMMISSIONER TOVAR AMENDMENT NO. 1
(PROPOSED COMPROMISE WITH FOOTNOTE)**

DATE PREPARED: October 27, 2021

COMPANY: Arizona Public Service Company

AGENDA ITEM NO. 18

DOCKET NO.: E-01345A-19-0236

OPEN MEETING DATE: October 26-27, 2021

Purpose: This amendment replaces Chairwoman Márquez Peterson Proposed Amendments No. 3 ("LMP #3") and Alternative No. 4 ("LMP #4"), which were adopted during the Special Open Meeting regarding the APS Rate Case, held on October 4-6, 2021. This amendment modifies Commissioner O'Connor's Proposed Amendment 5 to include \$10 million for Coal-Impacted Community Transition ("CCT").

This amendment preserves the language contained in Commissioner O'Connor Proposed Amendment No. 5. It allows in rate base APS's SCRs investments, SCRs Deferral, and SCRs Debt Deferral, with the exception of \$215.5 million due to planning imprudence. This amendment also requires APS to depreciate/amortize the SCRs, the SCRs Deferral, and the SCRs Debt Deferral based on an end of life of July 2031. This amendment also requires APS to make a corresponding adjustment to its operating expenses for the depreciation on the adjusted SCRs balance.

In the spirit of compromise, this amendment also incorporates the downward adjustments to CCT included in Commissioner O'Connor Proposed Amendment No. 2, except that it reduces the \$50 million over 10 years to \$10 million over 3 years.

Page 111, line 8, through page 115, line 25:

DELETE: Language adopted in LMP #3

INSERT:

"The prudence of the costs of the SCRs project investments has not yet been determined by the Commission. We concur with the Sierra Club's position that the Commission would not and did not implicitly find the SCRs investment to be prudent, as we do not believe that the Commission could make such a finding without knowing the extent of the SCRs project investments and APS's capacity needs at the time those investments were made. The language of the Settlement Agreement approved in Decision No. 76295 also supports a determination that the prudence of the costs of the SCRs project has not yet been determined, as it expressly retained the Commission's authority to review the entire SCRs project and make disallowances for

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imprudence, errors, or inappropriate application of the requirements of Decision No. 76295.¹ (Ex. APS-70 at 23-24, ex. A at 12.)

The evidence herein shows that APS may be forced to write-off or write-down its SCRs project investments if the Commission does not soon act on its request for recovery. It would be inappropriate for the Commission's decision on APS's recovery for the SCRs project investments to come through inaction and further delay and the operation of GAAP. A rate case is the most appropriate context in which to determine recovery for the SCRs, and this rate case is the best vehicle for the decision because the evidentiary record from the SCRs Phase (although now outdated) has been made part of the record in this case. Thus, the Commission will determine in this case the prudence of the SCRs project investments and the extent to which APS should receive recovery.

The Commission's determinations in December 2014 regarding the SCE acquisition were made with the understanding that Units 4 and 5 would be operating at the same capacity through 2038,² and after rejecting Sierra Club's contentions that future natural gas and carbon emission prices would render continued operation of Units 4 and 5 uneconomical and would result in early closure of the plant and that there was a risk of decreased output from Units 4 and 5.

When APS filed its application in this matter on October 31, 2019, APS indicated that the 4CPP would not shut down earlier than 2038. Only a few months thereafter, in January 2020, APS made its Clean Energy Commitment, indicating that it would exit coal generation by 2031. During this matter, APS consistently emphasized the importance of Units 4 and 5 to the reliability of APS's service, particularly during the peak summer months, and the need to keep Units 4 and 5 in service until 2031. Since the hearing, APS has announced that the 4CPP will switch to seasonal operations in fall 2023, so that both Units 4 and 5 will be in service only during the summer months (June through October), and only one of the Units will be in service the remaining months.

Sierra Club argued that the SCRs investments were imprudent and that recovery of those costs should not be allowed. Its evidence suggests that APS may have willfully maintained ignorance concerning whether it would be beneficial (at least from a ratepayers' perspective) to change direction at some point prior to the completion of the SCRs.

We believe that a utility has a duty to monitor the economics of its investments in a project from the inception of the project and until the project is completed and that each investment made along the way is subject to a prudence determination. We also believe that a utility has a duty to alter its choices and its course for a project if doing so makes sense economically and is in the public interest, even if altering the course may not be as advantageous to the utility's shareholders as completing the project would be. A utility has a duty not only to its shareholders but also to its ratepayers and the public.

¹ APS interprets this language to mean that the Commission can review the prudence of the installation costs incurred for the SCRs and the execution of installing the SCRs, not the prudence of investing in the SCRs in the first instance, which APS believes was settled when the acquisition of SCE's interest in Units 4 and 5 was approved. (Tr. at 199-200, 240-241, 450-452.)

² 2011 Rate Case 4CPP Rate Rider Tr. at 248, 304, 307, 309, 534. Official notice is taken of these transcripts.

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The evidence in this matter shows that APS did not monitor the economics of its investments in the SCRs project after the project commenced and was not open to changing its course once the SCRs project had begun. We believe that as a large and sophisticated electric utility, APS knew (or reasonably should have known) that the economic assumptions that had led to its conclusion that its best course of action was to continue operating both Units 4 and 5, and thus to complete installation of the SCRs on both Units 4 and 5, had changed such that additional economic analyses should have been conducted before a large part of the SCRs investments were made. APS should have made economic analyses from the beginning of the SCRs project and had knowledge even before the commencement of the SCRs construction that it could be more costly to go forward with the SCRs project than to use other resources. We find that APS intentionally manipulated its analysis of resource needs over the years to ensure that questions regarding the economics of Units 4 and 5 would never be raised; that APS knew (or reasonably should have known) that Units 4 and 5 were no longer the most cost-effective resource option before the SCRs investments were made but either withheld that information or intentionally guided resource evaluations away from that possibility, a tactic made possible by APS possessing an overwhelming asymmetry of information; that APS did so because it sought to maximize its investments and minimize the risk of any disallowance; and that this motivation, coupled with what APS knew or should have known, amounts to dishonesty and/or obvious wastefulness under A.A.C. R14-2-013(A)(3)(I).³ In reaching this determination, we considered, *inter alia*, the following evidence of record:

- In its 2012 IRP, APS determined, based on a low-gas-cost forecast, that it would save \$497 million NPV from 2012-2041 if it did not acquire Units 4 and 5.
- Although those low gas costs had become reality by APS's 2014 IRP, APS did not include a low-gas-cost forecast in its 2014 IRP and instead assumed that the 4CPP would operate until 2038.
- APS did not begin construction on the SCRs project until September 2015 and did not begin SCRs reactor installation until January 2017.
- After the SCRs project construction began, APS only analyzed a 4CPP retirement earlier than 2038 in its 2017 IRP (using a 2031 date) and concluded that APS's costs would be slightly increased in the 15-year term and slightly reduced over 30 years with the 2031 retirement.

³ For example, in Decision No. 76632 (March 29, 2018), the Commission declined to acknowledge APS's 2016 IRP because APS had failed to comply with several requirements of the Commission's rules and had overstated growth in its load forecast. (Decision No. 76632 at 18-19 (official notice is taken of this decision).) APS overstated growth in its 2016 IRP even after being ordered in Decision No. 75068 (May 8, 2015) to reexamine its load forecasting techniques before filing its 2016 IRP to ensure that it was not forecasting high load growth that was unlikely to occur. (Decision No. 75068 at 14.) Yet, despite the findings in those two decisions, in this case, APS again overstated growth in its load forecast provided in this case. (Ex. S-7 at 12; Ex. WRA-1 at 21.) When APS overstates growth in its load forecasts, it creates the illusion of a peak demand that is unlikely to exist, supporting capital investments that are not necessary and for which ratepayers would be required to pay.

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- As of the close of record in this matter, APS had not analyzed the economic costs and benefits of continuing to operate the 4CPP or the impact on retail rates of a pre-2031 retirement of either or both units of the 4CPP.
- In its 2020 IRP, APS included the 4CPP as a must-run resource in every scenario, with the same level of generation regardless of carbon costs or gas costs used.
- The 4CPP has become less reliable and more expensive to operate, while other resources have become much less expensive.
- Solar PPA prices declined by more than 80% between 2009 and 2019 (to \$23.51 per MWh in 2019).
- Median installed PV project prices decreased by 70% between 2010 and 2019.
- PPA prices for wind resources have fallen to between \$15 and \$35 per MWh.
- Adding battery storage to a PV project costs approximately \$5 to \$15 per MWh depending on the size of the battery.
- Natural gas prices at the SoCal Border Hub have declined substantially since 2008 and are expected to stay low (\$3 per MMBtu or less) through 2029.
- The Palo Verde Hub market price was \$28.10 per MWh in 2019 and projected to be lower than \$40 per MWh through 2029.
- Since 2014, the Western Energy Imbalance Market has been providing access to trade low-cost renewable generation.
- RUCO provided evidence that the cost to get power from the 4CPP in 2019 was \$73/MWh. (Ex. RUCO-1 at 13.)
- APS's FERC Form 1 filings show that the average 4CPP per unit O&M costs were \$36.19 in 2015, \$55.45 in 2016, \$54.02 in 2017, \$58.44 in 2018, and \$45.23 in 2019. (Ex. CG-3 at 17.)
- The Citizen Groups provided evidence that, for 2020-2030, the cost of energy from the 4CPP is \$79.54/MWh (higher than solar, wind, Gila River Unit 2 (gas), new build natural gas combined cycle, Springerville, and NGS and lower only than the SJGS). (Ex. CG-3 at 18.) For 2020 through 2030, the costs of solar resources, wind resources, and a new build natural gas combined cycle plant are estimated to be \$29.36, \$32.10, and \$52.13/MWh.
- Both Sierra Club and the Citizens' Group presented evidence showing that APS and its ratepayers would save a great deal of money if the 4CPP were retired early, although APS disputes their assumptions and findings.
- The 4CPP's annual capacity factor declined from an 81% average in 2005-2009 to a 71% average in 2010-2014, and to a 62% average in 2015-2019 (without factoring in the three-month downtime for each Unit for SCR installation).

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- The 4CPP did not operate up to the industry average for similarly sized coal plants in 2010-2019, based on EAF—the power levels at which a plant actually operates—and EFOR—how much of the time a plant must reduce power fully or partially as a result of unplanned equipment problems. The 4CPP had an average EAF of 76% for 2010-2014 and of 66% for 2015-2019 (including a 78% EAF in 2019), versus an average EAF for similar sized coal plants of 82% and 80% for these periods. From 2010-2019, the 4CPP had an average EFOR lower than the industry average only in 2011 and experienced EFORs up to four times the industry average. For January-October 2020, Unit 4's EFOR was 17.1%, and Unit 5's EFOR was 12%, while the industry average was approximately 8%.
- In the 4CPP early retirement analyses filed in this docket in response to Chairman Burns's letter of August 11, 2020, APS had its consultant E3 make a number of assumptions that were illogical—not including CO₂ costs (although they were included in its 2020 IRP), assuming that 4CPP's annual generation would remain flat between 2019 and 2031, assuming a battery storage capacity credit between 50 and 60% (although E3 has used 80-90% in California), assuming that 4CPP's EFOR would decline substantially, assuming that 4CPP's O&M costs would grow at a rate less than half the rate they grew between 2010 and 2019, and not assuming any avoided maintenance or capital costs leading up to retirement.
- Until APS made its Clean Energy Commitment, all indications were that the SCRs would provide approximately a cumulative 484 months of service (April 2018 to July 2038). As a result of the now planned retirement date of 2031 as well as the change to seasonal operations in fall 2023, the SCRs will only provide approximately a cumulative 259 months of service (158 months for the full-time unit and 101 months for the seasonal unit, with operations until July 2031).

The evidence also shows that APS considered the prudence of going forward with and completing the SCRs project to have been established when APS was granted authorization to acquire 4CPP Units 4 and 5, with the only inquiry left as to prudence being whether APS had the SCRs constructed appropriately and at a reasonable cost. The Commission's prior decisions related to the installation of the SCRs for Units 4 and 5 did not establish the prudence of completing the SCRs project, as is evidenced by the language used in Decision No. 74876 and in the Settlement Agreement approved in Decision No. 76295.

We are cognizant that the SCRs were used and useful during the TY and most notably during the heat storm in August 2020 and that APS has maintained that they are crucial to reliability of service during the summer months. Based on all of the evidence in this matter and the changing circumstances that have occurred since APS first decided to install the SCRs, we believe that it is just and reasonable that APS be authorized partial recovery for its SCRs expenditures. In reaching this conclusion, we were influenced by the fact that APS has now committed to using one of the Units only seasonally beginning in 2023 and to closing the 4CPP in 2031. Both the move to seasonal usage and the closure of the 4CPP will benefit APS's ratepayers, the public, and the environment, and both show that APS has begun to analyze whether the continued operation of 4CPP Units 4 and 5 is economically responsible.

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We find that it is just and reasonable and in the public interest to authorize APS to include in rate base the SCR investments, including the SCR deferral and the debt return on the SCR deferral, with the exception of \$215.5 million based on a finding of planning imprudence.⁴

APS shall distribute the \$215.5 million exclusion on a pro-rata basis through adjustments to each of the following components of rate base for which APS sought recovery herein for the SCR and SCR Deferrals: the SCR, the SCR Deferral, and the SCR Debt Deferral; the accumulated depreciation/amortization for the SCR, the SCR Deferral, and the SCR Debt Deferral; and ADIT for the SCR, the SCR Deferral, and the SCR Debt Deferral. In calculating the numbers above, APS shall depreciate/amortize the SCR, the SCR Deferral, and the SCR Debt Deferral based on an end of life of July 2031. Additionally, APS shall make a corresponding adjustment to its operating expenses for the depreciation on the adjusted SCR balance and shall include that adjusted figure when calculating its revenue requirement resulting from this Decision.

Additionally, we will permit APS to record SCR costs incurred after December 31, 2020 through the effective date of new rates in this case, as deferrals and to request recovery for the additional SCR deferral, at the cost of debt established in this rate case, in its next rate case.”

Page 410, Lines 5-18:

DELETE: Language adopted in LMP #3

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“It is unnecessary, at this time, for us to engage in a legal analysis concerning the Commission’s authority to require or authorize APS to use securitization for recovery of any of its assets.”

Page 410, Lines 19-26:

INSERT:

“B. 4CPP Replacement; APS’s Next IRP

In consideration of our determination on the SCR, APS’s Clean Energy Commitment, and the advocacy of the parties herein such as the Sierra Club and the Citizen Groups, we will require APS to complete, for inclusion in its next IRP, a comprehensive retirement assessment for the 4CPP, including evaluation of retirement of either or both units before 2031. In conducting its assessment, APS shall use realistic numbers for items such as carbon costs, avoidable O&M and capital expenditures, and capacity credits for storage, and APS shall include its justification for

⁴ Once consequence of this planning imprudence, is the early retirement of the SCR. Hence, the disallowance of \$215.5 million is based on the early (2031) retirement of the SCR.

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using the numbers selected when its IRP is filed. In its pre-2031 retirement analyses, APS shall not include any termination liability or restrictions beyond those to which APS was subject under the CSA as of March 3, 2021.”

Page 427, Lines 11-12:

DELETE: Language adopted in LMP #3

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“4. Clear and convincing evidence has been presented that APS did not monitor the economics of its investments in the SCRs project after the project commenced and was not open to changing its course once the SCRs project had begun, both of which were inconsistent with its duties as a regulated utility. Thus, it is just, reasonable, and in the public interest to allow APS only partial recovery for its SCRs investments.”

Page 428, Lines 7-8:

DELETE: Language adopted in LMP #3

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“IT IS FURTHER ORDERED that APS shall be permitted to include in rate base APS’s SCRs investments, SCRs Deferral, and SCRs Debt Deferral, with the exception of \$215.5 million.

IT IS FURTHER ORDERED that APS shall distribute the \$215.5 million exclusion on a pro-rata basis through adjustments to each of the following components of rate base for which APS sought recovery herein for the SCRs and SCRs Deferrals: the SCRs, the SCRs Deferral, and the SCRs Debt Deferral; the accumulated depreciation/amortization for the SCRs, the SCRs Deferral, and the SCRs Debt Deferral; and ADIT for the SCRs, the SCRs Deferral, and the SCRs Debt Deferral.

IT IS FURTHER ORDERED that in calculating the numbers above, APS shall depreciate/amortize the SCRs, the SCRs Deferral, and the SCRs Debt Deferral based on an end of life of July 2031.

IT IS FURTHER ORDERED that APS shall make a corresponding adjustment to its operating expenses for the depreciation on the adjusted SCRs balance and shall include that adjusted figure when calculating its revenue requirement resulting from this Decision.

IT IS FURTHER ORDERED that APS shall be permitted to record SCRs costs incurred after December 31, 2020 through the effective date of new rates in this case, as deferrals and to request recovery for the additional SCRs deferral, at the cost of debt established in this rate case, in its next rate case.”

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Page 440, Lines 16-20:

DELETE: Language adopted in LMP #3

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“IT IS FURTHER ORDERED that APS shall complete, and include in its next IRP, a comprehensive retirement assessment for the 4CPP, which shall include (1) evaluation of retirement of either or both units before 2031, prepared using realistic numbers for items such as carbon costs, avoidable O&M and capital expenditures, and capacity credits for storage and not including any termination liability or restrictions beyond those to which APS was subject under the CSA as of March 3, 2021, and (2) APS’s justification for using the numbers selected.”

Page 170, Line 21, starting with “Thus,” through Page 173, Line 1:

DELETE: Language adopted in LMP #4 and language retained by LMP#4 at Page 172, Lines 11-15.

INSERT:

“Thus, we will require APS to make payments, and authorize APS to collect from customers, the amounts described below. For the Tribe and the Navajo County Communities, we will require the payment to be made within 60 days after the effective date of this decision, so that it can help address the financial decline that has already resulted from the NGS closure.

Additionally, we will require APS to provide to the Tribe the same electrification assistance APS has offered for the Nation. No reason has been presented to exclude the Tribe from the non-financial assistance that would improve electrification, and logically, it makes more sense to provide electrification assistance to the Tribe than to the Nation. The Hopi reservation is essentially an island within the Nation and is served entirely by APS, whereas the Nation has its own electric utility providing service to most Nation residents.

Based on the record herein and for the reasons described above, the Commission cannot approve the CCT MOU as proposed. Rather, the Commission can and will approve the following:

- APS shall, in equal payments over a period of 3 years, pay to the Nation a total of \$10 million, which shall be recoverable from its retail customers through an adjustor clause as set forth in Section (V)(R)(15) below.
- APS shall, through a single payment made within 60 days after the effective date of this decision, pay to the Tribe \$1 million, which shall be recoverable from its retail customers through an adjustor clause as set forth in Section (V)(R)(15) below.
- APS shall, through a single payment made within 60 days after the effective date of

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this decision, pay to the Navajo County Communities⁵ a total of \$500,000, which shall be recoverable from its retail customers through an adjustor clause as set forth in Section (V)(R)(15) below.

- APS shall provide job redeployment offers, within the APS organizations, to all impacted APS employees at least six months before Cholla closes, at least six months before the 4CPP moves to seasonal operations, and at least six months before the 4CPP closes. Job redeployment offers may require employee relocation.
- APS shall modify the distribution line extension policy in its Service Schedule 3, as applicable only to residential and commercial buildings on the Nation and the Hopi reservation, so that distribution lines can be extended up to 2,000 feet at no cost to Navajo and Hopi applicants.
- APS shall, within 12 months after the effective date of this decision, perform or pay for a census of unelectrified buildings in the Nation and may spend up to \$1.25 million toward other home and business electrification projects within the Nation, which shall be recoverable from its retail customers through an adjustor clause as set forth in Section (V)(R)(15) below.
- APS shall, within 12 months after the effective date of this decision, perform or pay for a census of unelectrified buildings in the Hopi reservation and may spend up to \$1.25 million toward other home and business electrification projects within the Hopi reservation, which shall be recoverable from its retail customers through an adjustor clause as set forth in Section (V)(R)(15) below.

APS is not required to obtain Commission approval of financial assistance for which it does not seek customer recovery through rates and, unless a tariff change is involved or there is another legal issue, also is not required to obtain Commission approval of non-financial assistance to be provided. Thus, the Commission makes no determinations as to the appropriateness of the remaining provisions of the CCT MOU.

The Commission's approval of the assistance set forth above is not intended to establish, and shall not be interpreted as establishing, the entirety of APS's transition assistance obligation to the Nation, the Tribe, or the Navajo County Communities. Nor should it be interpreted as definitively establishing the limits of the transition assistance for which APS may ultimately obtain recovery from customers. The Commission considers the Generic Transition Docket to be an appropriate venue to flesh out additional information concerning APS's and other utilities' equitable obligations to coal-impacted communities and the extent to which those obligations should be covered by customer as opposed to shareholder funds. The Commission encourages APS, the Nation, and the Tribe to participate fully in the Generic Transition Docket. If the Generic

⁵ APS identified the Navajo County Communities as primarily including the Navajo County General Fund, Northland Pioneer College, and Joseph City Unified School District. (Ex. APS-2 at 23.) APS identified them as taxing districts that have received direct economic benefits from Cholla. (Ex. APS-3 at 19.)

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Transition Docket identifies additional transition assistance that should be provided to the Nation or the Tribe, and APS desires authorization to recover from its customers the costs of this transition assistance, APS shall file an application, in this docket, requesting such recovery. The Commission will hold open this docket for a period of 12 months after the effective date of the decision herein for APS to file such a request. If no such request is filed within that time, APS may raise the issue in its next rate case.”

Page 428, Line 12 through Page 429, Line 15:

DELETE: Language adopted in LMP #4

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“IT IS FURTHER ORDERED that APS is required to comply with the following related to CCT:

- APS shall, in equal payments over a period of 3 years, pay to the Nation a total of \$10 million, which shall be recoverable from its retail customers through its REAC, without carrying charges.
- APS shall, through a single payment made within 60 days after the effective date of this decision, pay to the Tribe \$1 million, which shall be recoverable from its retail customers through its REAC, without carrying charges.
- APS shall, through a single payment made within 60 days after the effective date of this decision, pay to the Navajo County Communities, as identified by APS herein, a total of \$500,000, which shall be recoverable from its retail customers through its REAC, without carrying charges.
- APS shall provide job redeployment offers, within the APS organizations, to all impacted APS employees at least six months before Cholla closes, at least six months before the 4CPP moves to seasonal operations, and at least six months before the 4CPP closes. Job redeployment offers may require employee relocation.
- APS shall modify the distribution line extension policy in its Service Schedule 3, as applicable only to residential and commercial buildings on the Nation and the Hopi reservation, so that distribution lines can be extended up to 2,000 feet at no cost to Navajo and Hopi applicants.
- APS shall, within 12 months after the effective date of this decision, perform or pay for a census of unelectrified buildings in the Nation and may spend up to \$1.25 million toward other home and business electrification projects within the Nation, which shall be recoverable from its retail customers through its REAC, without carrying charges.

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- APS shall, within 12 months after the effective date of this decision, perform or pay for a census of unelectrified buildings in the Hopi reservation and may spend up to \$1.25 million toward other home and business electrification projects within the Hopi reservation, which shall be recoverable from its retail customers through its REAC, without carrying charges.

IT IS FURTHER ORDERED that, to ensure the Commission adequately engages with stakeholders, proactively seeks and receives sufficient comments and input from the public, and initiates and facilitates meaningful conversations with all parties involved, Staff shall make the Generic Transition Docket a high priority and, within 90 days of the effective date of this Decision, hold a procedural workshop to develop and discuss with stakeholders a timeline and process for determining how the Commission should further address the following:

- Proactively seeking out and engaging members and representatives from the legislature, governor's office, state and federal agencies, tribal nations, New Mexico Public Regulation Commission, relevant non-governmental organizations, joint owners of relevant fossil-based generation, and regulated and unregulated electric utilities operating in Arizona and other states;
- Finding and obtaining opportunities to receive state or federal funds or other forms of support for to assist Arizona communities impacted by the closure of fossil-based generation, including monitoring and advocating for pending legislation, submitting applications for existing grant funding, and other opportunities;
- Making and assisting third parties in their efforts to seek funds or other forms of support for Arizona communities impacted by the closure of fossil-based generation;
- Establishing a task force consisting of governmental entities and tribal advocates who are or should be involved in the development of policy on issues concerning Arizona communities impacted by the closure of fossil-based generation; and
- Holding workshops, town halls, public comment sessions, stakeholder meetings, and other forms of progress to seek a reasonable and timely resolution on the items detailed above.

IT IS FURTHER ORDERED that, within 30 days following the stakeholder workshop described above, Staff shall prepare and file in the docket, for Commission review and approval, a detailed timeline and proposal identifying how Staff and stakeholders plan to work together to address and ultimately obtain any additional resolution of the issues detailed above.

IT IS FURTHER ORDERED that Staff shall hold its first substantive workshop in the Generic Transition Docket within 90 days of the effective date of this Decision. This workshop should be reflected in Staff's proposed timeline, as well as any other workshops, town halls, public comment sessions, stakeholder meetings, and other forms of engagement that Staff or the

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Commission determine should be utilized or pursued to seek a reasonable and timely resolution on the items detailed above.

IT IS FURTHER ORDERED that if the Generic Transition Docket identifies additional transition assistance that should be provided to the Nation or the Tribe, and APS desires authorization to recover from its customers the costs of this transition assistance, APS shall file an application, in this docket, requesting such recovery. The Commission shall hold open this docket for a period of 12 months after the effective date of the decision herein for APS to file such a request, and if no such request is filed within that time, APS may raise the issue in its next rate case.”

Make all conforming changes.

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